

# Magic Quadrant for the CRM Customer Engagement Center

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CRM customer engagement centers are customer service technology suites offering externally focused interaction orchestration and internally focused process orchestration. Customer service and support technology leaders can use this Magic Quadrant to find the solution that best fits their needs.

## Market Definition/Description

Gartner defines the CRM customer engagement center (CEC) as a cohesive set of software built around core case management tools, dedicated to providing customer service and support by engaging with customers, and intelligently orchestrating the processes, data, systems, and resources of an organization.

CRM CEC is a key software platform used in delivering end-to-end customer service and support experiences. It enables customers to engage and interact with an organization as well as for the organization to orchestrate its internal and external processes and resources to fulfill the customer's expected outcome.

Organizations focused on delivering their customers' expected outcomes when they engage with a service request, find that it typically requires the activation of multiple parts of the organization. Delivering such outcomes, with minimum effort on the part of the customer, is enabled by technology tools which must seamlessly work in conjunction until the expected customer outcome is fulfilled. These technology tools fall into two main categories:

- External facing tools that enable the customer interaction

- Internal tools that enable the orchestration of various service processes, customer records, systems, data, and other organizational resources. In addition to customer service agents and supervisors, CX designers, business analysts, data analysts, solution developers, senior business leaders, etc. can also use these internal tools.

CRM CEC solutions are instrumental in providing these two types of tools that work together seamlessly as a holistic, unified solution to deliver customer outcomes through self- and assisted-service.

## **Mandatory Features**

CRM CEC solutions must offer the following mandatory features:

- Case Management — enables case creation, assignment, routing, escalation, case conversations, and other necessary processing of a case record
- Digital Engagement — enables customers and employees to seamlessly connect, reconnect and interact over a variety of digital channels
- Knowledge Management — enables the discovery, capture, creation, curation and maintenance of contextual knowledge to be consumed by customers, employees and automations during various moments in a customer's service journey
- Workflow and Business Process Management — enables the design, orchestration, monitoring and potential automation of process steps involved in delivering customers' service and support outcomes

CRM CEC solutions must enable organizations to minimize customer effort when they access service and support, and enable self-service experiences, through the following mandatory features:

- Automation of Engagements — uses AI techniques to enable automated customer engagements and workflow automations
- Real-Time Continuous Intelligence — uses of AI techniques and analytics derived from both historical and real-time data to power smarter interactions and customer service journeys in real-time
- Intelligent Voice Support — enables customers to seamlessly move between voice and digital interaction modes while preserving the interaction context, through the use of a range of techniques and data

To be considered a CRM CEC, a solution must be anchored in a customer system of record enabling the control of customer master data during interactions.

- Platform Ecosystem and Integration — provides a range of techniques to incorporate third-party function development and integration of systems and data, including through applications developed by independent software vendors participating in a marketplace

## Common Features

CRM CEC solutions in the market may include these common capabilities to support requirements specific to certain geographic regions, industry or verticals, scale and complexity of organizations, and many such other considerations:

- Composability
- Low-Code Development
- Workforce Engagement Management
- Usability
- Collaboration
- Globalization

## Magic Quadrant

Figure 1: Magic Quadrant for the CRM Customer Engagement Center





**Gartner.**

## Vendor Strengths and Cautions

### Creatio

Creatio is a Niche Player in this Magic Quadrant. The private company, headquartered in Boston, Massachusetts, offers Service Creatio, its CRM customer engagement center (CEC) built on a no-code platform. It primarily serves financial services, manufacturing, business and professional services, and telecommunications environments. It mostly sells in North America, Europe, and Asia/Pacific as a best fit for midsize to large enterprises, leveraging Creatio's underlying no-code platform. Recent improvements include a generative AI (GenAI)-powered assistant and a no-code governance app that embeds governance

controls. Its roadmap includes improvements to its AI command center, workflow automation enhancements, industry-specific AI models, and advanced augmented reality (AR) and virtual reality (VR) integration.

### *Strengths*

- **Modular architecture:** Creatio offers no-code functional blocks that enable solution extension. This feature helps enterprises reconfigure and add functionality to meet changing business needs without having to depend on a vendor's engineers to make changes.
- **Workflow automation:** Creatio's workflow automation capabilities, based on its Business Process Management (BPM) roots, support complex issue resolution and back-end services. Prospective buyers with complex workflows would benefit most from this feature.
- **Industry-specific offerings:** Creatio's industry-specific solutions are delivered by regional-partner specialists that enable an extension of the product's core offerings. This reduces time to value with prebuilt data models, workflow templates and specialized expertise.

### *Cautions*

- **Customer service functionality:** While Service Creatio offers core CEC capabilities, the company prioritizes platform-level capabilities with no-code and BPM. Enterprises will find they need to spend more time developing necessary customer service functionality than with more out-of-the-box approaches.
- **Limited global presence:** Creatio has a limited presence in the Middle East, Africa, Latin America and Asia/Pacific. Prospective global enterprise customers with business operations and local support needs in those regions should fully evaluate local requirements and weigh mitigation options.
- **AI maturity:** Most of Service Creatio's AI applications and adoption of virtual assistant functionality are at an early stage of maturity. Buyers intending to deploy Creatio Copilot and other GenAI functionality should confirm the available features are adequate for their requirements and can deliver the expected business outcomes by checking references from similarly sized organizations.

eGain is a Visionary in this Magic Quadrant. The publicly traded company is based in Sunnyvale, California. Its eGain Customer Engagement Suite offers a customizable packaged CEC application coupled to its knowledge management and digital customer communication platforms. It most frequently sells in financial services, insurance, government, retail and utilities environments, primarily in North America. It is best fit for large B2C customer service environments, particularly those leveraging its knowledge management platform. Its roadmap includes operationalizing GenAI capabilities and expanding use cases for content transformation, conversational automation and knowledge creation as well as several industry-specific solutions.

### *Strengths*

- **AI-led innovation pace:** eGain has added a range of AI and GenAI-enabled functionality to its CRM CEC offering, including an AI assistant, an AI tool library for knowledge automation, GenAI analytics for managers and GenAI reasoning functionality for customers. These add to its other GenAI capabilities, including natural language conversation flows, virtual assistants (VAs), a case-based conversation designer and third-party bot orchestration.
- **Composability:** eGain's CEC suite is one unified platform made up of three autonomous applications: its Knowledge Hub, Conversation Hub, and Analytics Hub. These can be purchased independently to compose the type of solution that best meets enterprises' requirements, enabling them to deploy a composable CEC that allows for more agile and adaptable customer service processes.
- **Knowledge management:** eGain has added more AI-led knowledge capture, creation and curation functionality in the last year, and a GenAI-assisted user journey designer. These enhance its CEC functionality for regulated industry environments where the system must present information from long-form documents in succinct, easy-to-consume formats within the flow of work.

### *Cautions*

- **Limited market presence:** eGain is primarily available in North America and Western Europe. Prospective customers based or with operations in parts of the world outside these two regions should review references and confirm the company can deliver, implement and support its solutions to meet local and regional requirements.

- **Limited customizability:** eGain provides limited customizability in case management. Enterprises with complex case management processes will have difficulty customizing the solution to support those requirements beyond what is provided out of the box.
- **Partner strategy:** eGain's partner network is limited to implementation partners and a select set of systems integrators (SIs) that are located mainly in Europe and North America, contributing to the company's low market visibility. Customers and prospects may find this limits the availability of skilled implementation resources.

## Freshworks

Freshworks is a Niche Player in this Magic Quadrant. The publicly traded company is based in San Mateo, California. Its Freshworks for CX is built for case management workflows and interdepartmental collaboration use cases. Other products in its CEC portfolio are Freshdesk for ticketing; Freshchat, a conversational product; and Freshcaller, a voice service solution for secure calls. Its CEC portfolio is best fit for small to midsize businesses and smaller service desk deployments. Its roadmap is focused on adding capabilities to its Freddy AI platform, ranging from analytics functionality to AI assistants and virtual customer assistants (VCAs).

### *Strengths*

- **Easy try and buy:** Freshworks offers free trials for limited periods and free limited use of product features in its licensing model. Prospective customers who are considering switching from another CEC vendor can evaluate the products with no risk.
- **SMB and midmarket focus:** Freshworks' unified CX offering is built on the same platform for marketing, sales and service. This provides a simplified end-to-end customer experience solution that is particularly attractive for small and midsize businesses (SMBs) and midmarket segments.
- **Time to value:** Freshworks' new customers deploy the solution without vendor assistance and can extend functionality using apps on its marketplace, including some available for free. The company offers two weeks of product adoption and onboarding assistance for free.

### *Cautions*

- **Customer experience:** Gartner inquiry service clients note ongoing challenges and dissatisfaction with Freshworks' product support responsiveness. Prospective customers

should ask for references and review any challenges reported by similarly sized organizations.

- **Limited customization:** Freshworks' recently released low-code development tooling is limited and not mature. Enterprises with complex business processes will have difficulty customizing the solution to support complex requirements beyond the functionality provided out of the box.
- **Reporting and analytics:** Freshworks' CEC reporting and analytics functionality has not met user experience (UX) expectations. Gartner inquiry service users have reported dissatisfaction with both the clarity of the report views and the level of operational insights that the analytics produce.

## HubSpot

HubSpot is a Niche Player in this Magic Quadrant. The publicly traded company is based in Cambridge, Massachusetts. Its HubSpot Service Hub product is a help desk for customer service management. The other product in its CEC portfolio is the HubSpot customer platform, which brings unified customer data insights from marketing and sales into customer service interactions. Recent enhancements add customer success functionality used in reducing churn and driving retention. HubSpot's CEC product is a best fit for small and midsize customer service and support environments that tightly tie into marketing. Its roadmap includes an AI assistant for customer service agents and agent efficiency tools such as macros and keyword search on messages, among other improvements.

### *Strengths*

- **Pricing and license model:** HubSpot makes it easy for prospective buyers to adopt its solution, with three pricing tiers offering incremental feature bundles that supplement its freemium tier. This enables prospective customers to try out the functionality before deciding on the bundle that meets their requirements.
- **Data aggregation:** HubSpot's Service Hub is built on its customer platform that aggregates data from multiple customer touchpoints across an enterprise. This enriched data enables interaction and process orchestration for midsize organizations that may otherwise lack such capabilities.
- **SMB and midmarket fit:** HubSpot's solution provides a combined help desk and customer success offering built on a unified CRM. This combined offer is attractive to businesses in



the SMB and midmarket segments — especially the technology industry vertical — that need such functionality at a lower total cost of ownership (TCO).

### *Cautions*

- **Minimum customer service functionality:** Hubspot's CRM CEC functionality is limited to the core capabilities at a basic help desk level. Organizations considering the solution should anticipate customization challenges and be prepared for additional effort if they want to expand its functionality.
- **Maturity of AI-powered functionality:** Most of Hubspot's CRM CEC AI-powered functionality is at an early stage of development. Prospective customers should confirm the business outcomes these capabilities can deliver by checking references from similarly sized organizations.
- **No industry-specific accelerators:** HubSpot does not offer any industry- or vertical-specific data models, case types, templates and other time-to-value enhancements. Prospective buyers with such industry-specific requirements should confirm that the platform can support any necessary customizations and evaluate the professional services effort needed.

## **Microsoft**

Microsoft is a Leader in this Magic Quadrant. The publicly traded company is based in Redmond, Washington. Microsoft Dynamics 365 Customer Service makes strong use of AI, including GenAI, to drive customer, agent and administrator automation. The company has strong global and vertical market coverage and can support even the largest organizations' customer service needs. Microsoft's CRM CEC can be a good fit for organizations of any size, particularly those with existing investments in the company's other enterprise software. Recent significant enhancements include Copilot in Dynamics 365 Customer Service. Copilot Studio is the path for AI agents, and roadmap investments support Microsoft's vision for autonomous AI agents and enhancements to Copilot for non-Microsoft environments.

### *Strengths*

- **Innovation pace:** Microsoft delivers new functionality and platform capabilities at a rapid pace, ranging from AI assistant capabilities, voice and messaging, service representative experiences, supervisor experiences functionality, and more features to the Teams

integration. These come in addition to the early Copilot capabilities that are commonly found now among many vendors in this market.

- **Global scale:** Microsoft's solution natively inherits the global cloud presence provided by Microsoft's Azure availability zones and is supported by a network of global and regional partners that include global systems integrators (GSIs), implementation partners and ISVs. This is complemented by Microsoft's local presence in over 150 countries and a globally distributed community of developers and solution architects.
- **Comprehensive customer service platform:** Microsoft's newly launched Dynamics 365 Contact Center significantly expands the offering by adding native CCaaS functionality, bringing the CRM CEC closer to being a complete customer service technology suite. It can deliver richer customer self-service and assisted-service experiences by leveraging unified interaction and transactional process data.

### *Cautions*

- **Issues with Unified Support:** Microsoft suffers from poor responsiveness and the inability to get resolutions to major product and deployment issues when customers work with Microsoft Unified Support. Gartner inquiry service and Peer Insights users consistently report these issues. Prospects should negotiate response and resolution SLAs backed by meaningful performance credits in the event of SLA breaches.
- **GenAI adoption challenges:** Adoption of Microsoft's Copilot requires significant planning, risk mitigation and change management efforts. Adoption levels vary, with some Gartner clients reporting challenges in adopting this feature as well as in the consistency of Copilot output. Prospective buyers should weigh adoption risks against pricing and TCO for GenAI adoption.
- **Fragmented product features:** Microsoft's CEC offers some features requiring add-ons that are not included out of the box, such as the Dynamics 365 Contact Center offering. Prospective customers should review references for any technical or additional license requirements.

## **Oracle**

Oracle is a Leader in this year's Magic Quadrant. The public company is based in Austin, Texas. The Oracle Fusion Service suite includes Oracle Service Center, Digital Customer Service, Knowledge Management, Intelligent Advisor, Field Service, Digital Assistant and

Customer Data Management. It includes customizations for various vertical markets. Oracle has a strong global presence and is a good fit for large, global enterprises, including those extending existing investments in Oracle ERP, HCM and SCM systems. Its roadmap includes enhancing automated execution plans, improvements to asset-based service and knowledge management, and further enhancing AI functionality like voice chat summaries and case summaries.

### *Strengths*

- **High-volume, high-complexity focus:** Oracle's platform is part of the broader Oracle Fusion suite of applications, making it well-suited for businesses that have high-volume, high-complexity service orchestration needs with dependencies on back-end business systems.
- **Process automation innovation:** Oracle's knowledge and decision automation capability leverages AI to analyze an issue and prepare a plan of action for an agent. This reduces service interaction turnaround times, especially in asset-based service scenarios requiring complex problem diagnosis.
- **Unified conversational workspace:** Oracle Fusion Service provides a streamlined agent and administrator workspace that uses conversational UI design to deliver automated guidance. It includes a scalable knowledge management solution (KMS) and offers in-context collaboration capabilities. The workspace can be extended and integrated with other apps using the Redwood Design System.

### *Cautions*

- **Resource requirement:** Implementing Oracle's platform continues to be complex for some customers, requiring trained developers and systems administrators for initial development and ongoing administration. Some Gartner clients have reported this concern in inquiries. Prospective customers should account for skilled specialists and training costs.
- **Asset-based service focus:** Oracle's solution is optimized toward use cases in asset management, utilities, manufacturing and similar environments. Prospective customers in verticals outside these focus areas should ask for references from similar organizations and review the success of their CX transformation efforts.
- **Licensing and contracting:** Oracle's licensing model and contracting process remains complicated for some customers, despite its efforts to increase pricing transparency.

Gartner clients report such concerns. Prospective customers should estimate extended pricing and TCO early in the process, and review the models carefully with procurement specialists.

## **Pegasystems**

Pegasystems is a Leader in this year's Magic Quadrant. The publicly traded company is based in Cambridge, Massachusetts. Its Pega Customer Service offering delivers strong process automation capabilities, including the ability to create workflows, what Pega calls "microjourneys," that can be embedded in other applications. It has global coverage, and a strong presence in financial services, healthcare, telecommunications and government verticals. It is best fit for large and very large enterprises with hundreds to thousands of users, especially those focused on process automation. Its roadmap focuses on adding more AI and platform capabilities, such as self-optimizing workflows, enhanced low-code development experiences, and advanced self-service.

### *Strengths*

- **GenAI-enabled workflow enhancements:** Pegasystems' GenAI Blueprint is an automated workflow life cycle generator that reduces complexity and the time required to develop end-to-end service workflows that can be imported into the Pega platform. This can reduce the time to develop and deploy new workflows when business needs change.
- **Large-enterprise fit:** Pega Customer Service combines workflow automation, AI-powered decisioning and cross-workflow referencing to enable end-to-end customer service process automation. These capabilities are especially suited for large enterprises with complex service process orchestration needs to reduce cost and improve quality of service through automation.
- **Depth and breadth of integrations:** Pegasystems combines both native and third-party robotic process automation solutions, a low-code development platform, CTI, APIs, prebuilt connectors and industry-specific workflow types known as microjourneys. Large enterprises will benefit from these features, which support their demanding bidirectional integration and application embedding requirements.

### *Cautions*

- **Complexity:** Pegasystems' platform is complex and difficult for customers to understand, obscuring the full value of their investment in the platform. Gartner's inquiry service

clients remain concerned about this complexity and difficulties upgrading the platform for newly released features due to customizations done early in the implementation.

- **Specialist skills:** Pegasystems' solution requires advanced technical and product skills, and Gartner inquiry service clients report difficulty finding specialists with these advanced skills, especially those with industry expertise. Prospective buyers should seek references from similar enterprises and review available professional services in Pegasystems' partner ecosystem.
- **Limited regional presence:** Pegasystems has a limited presence in the Middle East, Africa and Latin America. Prospective global enterprise customers with business operations and local support needs in these regions should consider local requirements and mitigation options.

## Salesforce

Salesforce is a Leader in this year's Magic Quadrant. The publicly traded company is based in San Francisco, California. Salesforce Service Cloud is at the core of its CRM CEC, offering strong process automation unified with interaction orchestration capabilities that could include data coming from other systems of record and engagement. The company has a strong global presence. Its CEC can serve organizations of all sizes and is not limited to those with existing investments in Salesforce's sales, marketing and field service offerings. Its roadmap includes AI agents that can execute processes under the supervision of a command and control tool that manages such autonomous agents, and an AI workflow planner for use by customer service employees.

### *Strengths*

- **Innovation pace and scale:** Salesforce has delivered many CEC innovations at pace, enabled by input from customers across many industries, organic GenAI research and a portfolio of new patents that feed the product roadmap. Key innovations include a GenAI assistive agent and a Unified Knowledge solution that leverages the data lakehouse capabilities of Data Cloud, among others. These innovations provide strong assurance of the company's long-term viability.
- **Extensive deployment resources:** Salesforce offers a broad portfolio of professional services to help enterprises deploy its solutions, and a large community of trained professionals specialized in administrator, developer and solution architect roles. Gartner

finds that clients of all sizes use these resources to accelerate the adoption of AI and other innovations into their customer service operations.

- **Industry-specific offerings:** Salesforce's suites of components and templates extend the core capabilities of its CEC with industry-specific applications, in the form of its Industry Clouds, currently offered for 14 industries. Salesforce invests in growing the breadth and depth of these Industry Clouds and solutions, offered as separately licensable products to simplify the procurement process.

### *Cautions*

- **Specialist skills:** Salesforce's platform presents a steep learning curve for new clients starting with complex processes, a concern expressed by Gartner inquiry service clients, along with the need for continued education for developers and system administrators. Prospective customers should include these considerations in implementation planning and TCO calculations.
- **Pricing and packaging:** Salesforce Service Cloud pricing primarily uses a seat-based licensing model. However, some editions require add-ons for extended functionality, such as SMS and WhatsApp messages and AI conversations that incur usage-based costs. Prospective buyers should review the costs for such add-ons they may require when estimating TCO.
- **Customer experience:** The volume of Salesforce's products, modules, features, capabilities and levels of customization can challenge some customers. Some Gartner inquiry service users report being overwhelmed by the volume, and others have complained about sales tactics and frequent changes to their Salesforce account team.

## **SAP**

SAP is a Niche Player in this year's Magic Quadrant. The public company is based in Walldorf, Germany. SAP Service Cloud offers good process automation capabilities, particularly when integrated with the company's ERP offerings. It has a strong global presence and most frequently sells to process-intensive industries, including manufacturing, business and professional services, milling and mining, and wholesale distribution. Its CEC is most frequently implemented by organizations with existing investments in SAP's ERP platform, and it provides industry-focused and tailored applications. SAP's roadmap investments include autonomous agents, GenAI service use-case enhancements, and additional data products and analytics for SAP Service Cloud.

## *Strengths*

- **Modular architecture:** SAP Service Cloud follows an API-first approach in which only the core capabilities are built into the application, with incremental extensibility supported through in-app customizations and development capability through the included SAP Build Apps no-code/low-code platform. The architecture supports extending functionality further through the SAP Business Technology Platform (SAP BTP), a unified integration platform, to meet the requirements of complex service process orchestration environments.
- **GenAI-based productivity tooling:** SAP has added a number of AI-based service agent productivity enhancements like account synopsis, case summarization, an email draft recommender, and the virtual agent Joule assistant to its CRM CEC. These enhancements can help reduce the average response and resolution times for customer service interactions.
- **Industry-vertical strategy:** SAP offers solutions for an expanding portfolio of targeted industries, like consumer products, retail, utilities and automotive, that enable service agents to orchestrate industry-specific processes directly from Service Cloud. These are supported by regionally located industry-specific teams across product, marketing, sales and customer success in all the regions where SAP operates.

## *Cautions*

- **SAP installed base focus:** SAP Service Cloud is less frequently sold in non-SAP environments as a stand-alone CEC solution in the market. Organizations that do not require an enterprise platform ecosystem may find the company's overarching system to be complex.
- **Customer experience:** The modular nature of SAP's platform requires customers to access support teams across many parts of the SAP product portfolio, especially when they experience technical issues. Gartner inquiry service clients have reported experiencing issue resolution challenges due to misalignment and communication gaps between different SAP support teams.
- **Complex portfolio:** Enterprises that require extended capabilities beyond the core provided by SAP Service Cloud have to analyze SAP's product portfolio to identify the specific products or modules they would need. This is a complex task due to the granularity of the offerings and increases the potential risk of over- or underbuying.



Prospective customers should consider engaging external expertise to analyze the portfolio.

## ServiceNow

ServiceNow is a Leader in this year's Magic Quadrant. The public company is based in Santa Clara, California. It offers CEC capability through its ServiceNow Customer Service Management (CSM) product to automate and optimize front, middle and back-office processes. It has a global presence and sells primarily to large and enterprise organizations. It is a good fit for those that use ServiceNow's ITSM product or those needing a low-code platform for a rapid deployment. Its network of sales and deployment partners provides vertical market customizations that supplement the twelve ServiceNow industry solutions. Its roadmap includes unified experiences with CCaaS that offer native voice UX, native Workforce Engagement Management (WEM) and AI agents that can autonomously fulfill a customer request.

### *Strengths*

- **Innovation pace and scale:** ServiceNow CSM has accelerated its release cadence, adding a large number of new features developed natively and through partnerships within a short time. Notable among those are unified routing with partner CCaaS, and productivity enhancements with its GenAI agent assistant that includes knowledge article generation, after-call summarization and dynamic interaction translation, among other innovations.
- **Market momentum:** ServiceNow's market momentum, evidenced by its market share gain and strong year-over-year growth, shows that the offering is increasingly seen by prospective buyers as a fit for customer service and support needs beyond those that already have ServiceNow ITSM investments.
- **Industry-specific workflows:** Derived from CSM, ServiceNow offers industry-specific solutions, templates and workflows, and is often used by the technology, telecommunications, government, and financial services sectors. The platform supports multiple languages and includes modules to train and deploy chatbot models.

### *Cautions*

- **Front-end customer experience:** When providing digital and effortless self-serve experiences, ServiceNow CSM's methods of engagement sometimes require task-



oriented activities, like filling out forms and submitting requests, that place more effort on the customer to communicate with the brand.

- **Complex pricing and licensing:** Gartner clients report that ServiceNow's pricing models are complex and lack the flexibility needed for their businesses. Organizations without dedicated customer service IT procurement resources may struggle to understand ServiceNow's complex pricing model.
- **Specialist skills:** Using the ServiceNow CSM configuration and no-code/low-code tooling can be difficult to master for customer service administrators and business users new to the product. Prospective buyers should factor in the need for focused training on the tool, or partner with trained technical specialists that can build and maintain more complex workflows.

## Zendesk

Zendesk is a Visionary in this year's Magic Quadrant. The private company is based in San Francisco, California. Zendesk Suite includes CEC services and functions, supporting customer interactions across voice and digital channels in self- and assisted-service deployments. It has a global presence, especially in North America, Europe and Latin America, primarily serving midsize B2C customer service departments in business and professional services, technology, retail and manufacturing. Although industry-specific data models and other time-to-value enhancements aren't offered, Zendesk offers industry intent models that support AI triaging of requests for some industries. It plans AI agent investment and enhancements to improve complex workflow creation.

### *Strengths*

- **Overall usability:** Zendesk's user interface and administration controls are easy to use and navigate, increasing user adoption and speed of deployment. Ticketing views and dashboards provide teams with visibility into interaction assignments, workloads and performance metrics.
- **Robust core functionality:** Zendesk offers omnichannel digital engagement tools and robust case management capabilities, which are core functions in CRM CEC. These are purpose-designed for customer service and contact center use cases and are further strengthened with recent additions of WFM (formerly Tymeshift) and QA (formerly Klaus) tools.

- **Innovation:** Zendesk continues to invest in AI innovations on its platform, focusing on AI-powered conversations and AI-suggested macros and workflows. Its Smart Assist agent panel with AI capabilities that uncover guidance and suggestions drives issue resolution.

### *Cautions*

- **Contract renewals:** Zendesk's negotiation tactics and complex pricing schemes during renewal make it difficult for customers to predictably maintain costs over the long term. Prospective customers should negotiate price increase caps for as-purchased configurations when entering into multiyear license agreements with Zendesk.
- **Adaptive business rule engine:** Zendesk's CRM CEC is not fully customizable for customers with larger customer service centers that manage significant numbers of agents and have advanced business processes and UI requirements.
- **Larger enterprise support:** Some large enterprise clients using Gartner inquiry service have reported challenges with Zendesk's technical support for their complex business processes and integration requirements. Prospective customers should ask for references and review any challenges reported by similar organizations.

## **Zoho**

Zoho is a Niche Player in this year's Magic Quadrant. The private company is based in Chennai, India. Zoho Desk offers basic customer service process orchestration capabilities for service and support teams. The company has a global presence and sells its CRM CEC primarily to financial services, government, and business and professional services, among other vertical markets. It is best fit for smaller service and support deployments, particularly in organizations that also use the company's Zoho CRM offering. Its roadmap includes introducing an agent self-service portal and improvements to its AI-powered virtual assistant.

### *Strengths*

- **Pricing and value:** Zoho Desk provides case management functionality to meet the requirements of stand-alone customer service teams at a lower price point than the other vendors evaluated in this research, making Zoho Desk attractive to businesses in the SMB segment. Larger organizations can extend Zoho Desk's capabilities at additional cost using the vendor's add-on components or through integrations with third-party systems.

- **Ease of implementation:** Implementing Zoho Desk is straightforward with a developer and administrator workflow builder. Zoho has a network of solution partners and a marketplace with CEC-specific apps to extend the solution's capabilities. Prospective customers can extend or customize the solution to their own CEC requirements using Zoho marketplace extensions and Zoho's low-code development tools.
- **Field service capabilities:** Zoho's remote support tool, Zoho Assist, and augmented reality capabilities of Zoho Lens integrate natively with the company's core customer service application, Zoho Desk. These extended capabilities enable enterprises that have field service or remote-device-support requirements to orchestrate their service processes on a single platform.

### *Cautions*

- **No industry-specific accelerators:** Zoho does not offer any industry- or vertical-specific data models, custom case types, templates or other time-to-value enhancements. Prospective buyers with such industry-specific requirements should confirm that the platform can support necessary customizations and evaluate any additional custom coding needed outside of Zoho's product.
- **Case management functionality:** Zoho Desk case management offers case creation and case treatment, and capabilities such as round-robin case distribution and case imports from spreadsheets. Advanced case automations like autocomplete and next-best-action recommendations, which are important to achieving high levels of productivity while delivering superior agent and customer service experiences, are not offered.
- **Add-on products:** Zoho offers an array of capabilities packaged as separately priced, loosely organized add-on products for organizations that want to extend the case management capabilities of Zoho Desk. These can increase the total cost of ownership and add to the technical complexity of the solution.

## **Vendors Added and Dropped**

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection

of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

## Added

- Creatio
- HubSpot

## Dropped

These vendors were dropped because they do not pursue the CRM customer engagement center market:

- Appian
- SugarCRM

# Inclusion and Exclusion Criteria

To qualify for inclusion, providers needed to have:

## Market Presence and Momentum

Factors that affect our evaluation are the presence that a vendor has in the market, and the observed momentum of its growth. A vendor with stagnant sales or an ineffectual marketing organization should concern prospective buyers. Gartner's criteria specify that vendors have:

**Revenue traction:** For the four fiscal quarters that ended closest to 31 December 2023 and no earlier than 30 September 2023, per generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS):

- Confirm a minimum of \$45 million in total CEC software license revenue, composed of revenue from concurrent licenses, named-user licenses and application consumption.
- Confirm revenue of at least \$12 million in CEC software license revenue for core customer service and support from net new clients.
- Confirm a minimum of 10% year-over-year growth in total CEC software license revenue.

The following must be well-represented and supported:

- Large or midsize businesses (average deal size above 100 customer service representatives)
- At least three out of the five major geographical markets of North America, Europe, Asia/Pacific, Middle East/Africa and Latin America, with each contributing a minimum of 10% of total CEC software license revenue
- At least three industries (examples being utilities, telecommunications, financial services and insurance, high-tech, healthcare, public sector, manufacturing, retail, oil and gas, aerospace and defense, automotive, chemicals, medical devices)

**Functional breadth:** Submitted product must provide all of the mandatory features in the Market Definition and any four of the common features.

**Market awareness:** Be recognized by the CRM CEC market, as evidenced by regular appearances on client shortlists, by appearances at tradeshow and by references as a competitor by other vendors.

**Market following:** Provide thought leadership, which is adopted by customers of the CRM CEC product in live operations, through webinars, market-related white papers, blog articles and user communities.

**Platform:** Have the technology to support an extension to cross-channel customer service, without the need to code in a new development environment, including mobile and social media.

**Short-term viability:**

- Funded operations: sufficient cash to fund 12 months of operations at the current burn rate.
- Onboard professional services capacity: of sufficient professional services to fulfill customer demands during the next 12 months.
- Additional professional services capacity: a practice and ecosystem with sufficient third-party consulting and integration firms to grow at a double-digit pace for five years.
- Sufficient support and engineering capacity to maintain the product for 12 months after each release.

- Sales pipeline: a pipeline of prospective customers and an adequate sales team to drive growth in new business.
- Revenue forecast: provided evidence that results for the upcoming four quarters (from after 1 October 2023) would exceed the previous four quarters' results.

#### **Market momentum index:**

A CEC provider must rank among the top providers in the market momentum index defined by Gartner for this research. Data inputs used to calculate relevancy include Gartner client interest, customer reviews and key vendor growth metrics.

## **Exclusion Criteria**

Software applications developed, marketed, and implemented primarily for IT service management (ITSM) use cases or for field service management (FSM) use cases are excluded from this research.

## **Evaluation Criteria**

### **Ability to Execute**

**Product or Service:** The product must offer all contact routing, process orchestration, knowledge management, resource management, and analytics capabilities expected in a customer service technology platform. The capabilities should preferably be offered as composable components natively built on a unified platform. The platform should include a low-code/no-code development interface for ease of customization.

**Overall Viability:** Revenue indications and growth are important factors for this criterion, as is evidence of roadmap item delivery at pace. CEC providers require increased investment in technology, people and infrastructure to withstand competitive risks magnified by significant disruption in the market. The presence of a substantive partner network, supplemented with a community of trained experts, is another important factor.

**Sales Execution/Pricing:** The CEC market is not close to saturation, and shows continued growth opportunities for providers that have demonstrated effective lead generation and deal closing methodology and results. Customers expect flexibility in licensing terms, enabling them to scale services up and down in keeping with business requirements, while

enterprises pursuing composable application strategies favor flexible pricing models that include bundled and a la carte pricing.

**Market Responsiveness/Record:** Visibility in the market as indicated by competitor mentions, shortlist frequency and market share are important factors for this criterion, as is the relevant differentiation of the offering, and demonstrated ability to adapt to changing market conditions.

**Marketing Execution:** The quality, clarity, and effectiveness of marketing messaging and materials, especially in targeting enterprise needs, are important factors for this criterion. A comprehensive marketing program is important to attract invitations to bid for opportunities. A strong brand awareness is also key to developing channels with systems integrators, which are less likely to go to market with providers unknown to their customers.

**Customer Experience:** A reputation for consistently delivering reliable support services and a differentiated customer experience are important factors for this criterion. Ease of use through an intuitive user interface of the platform for end users, and the breadth and depth of low-code/no-code tooling are other important factors.

**Operations:** CEC platforms enable orchestration of end-to-end customer service processes, and customers expect the platform to be supported by talented, motivated staff backed by experienced leaders with a strong track record. As customers select strategic suppliers for global or multiregional needs, CEC operations need to be localized, with sufficient staff presence in-region to ensure specific local requirements can be met.

**Ability to Execute Evaluation Criteria**

<i>Evaluation Criteria</i>	<i>Weighting</i>
Overall Viability	Medium
Sales Execution/Pricing	High
Market Responsiveness/Record	High
Marketing Execution	Medium

<i>Evaluation Criteria</i>	<i>Weighting</i>
Customer Experience	High
Operations	Medium
Product or Service	High

Source: Gartner (December 2024)

## Completeness of Vision

**Market Understanding:** Market understanding includes meeting the current CEC market needs, as well as strategies to align to future needs of the market while withstanding disruption. Anticipation of market convergence and new competitive risks, and the ability to defend and increase one’s relevance, are other important factors.

**Marketing Strategy:** Communicating a differentiated strategy in a market where technologies are largely similar is crucial to win mind share. A CEC vendor’s marketing strategy should help prospects to understand the capabilities of its offering, with positioning and messaging clearly reflecting strengths of the platform, and the vendor’s ability to support a broad customer base across industries, regions, and market segments.

**Sales Strategy:** Striking the best balance between direct and indirect approaches to the market is important when the cost of sales can be high. As customers select a strategic provider for CEC, providers must fulfill customers’ desire to deal directly and centrally for contract terms but be managed locally for regional needs.

**Offering (Product) Strategy:** Vendors should be able to demonstrate an approach to product development and delivery that highlights industry requirements and the speed at which differentiated or innovative capabilities are added to their CEC platforms. Customer communities hold high importance as sources of information to influence product development as vendors evolve their offerings.

**Business Model:** Vendors should be able to demonstrate the quality and viability of their growth strategy for the CEC business, the scope of use cases the platform covers by



embracing synergies and opportunities with adjacent categories, and how well they are aligning the product roadmap with the business model and growth strategy. A vendor’s ability to adapt and embrace new opportunities and challenges that arise in the market is another factor in this criterion.

**Vertical/Industry Strategy:** A focus on specific industries or other segments creates opportunities to increase mind share in key target markets, in contrast to a horizontal, all-encompassing market vision. A vendor should be able to demonstrate the breadth and scope of industry-specific solutions offered on top of or as part of the CEC offering through its presence in diverse industry or vertical market segments.

**Innovation:** This requires the vision and the ability to research, benchmark, and deliver market-differentiating product and service capabilities, through in-house development or collaboration with innovative partners. A vendor’s innovations should reflect alignment to its vision of the future CEC and the customer service technology space.

**Geographic Strategy:** A CEC vendor’s strategy for presence and growth outside its home market in order to attract a larger audience is key to meeting the needs of global and multiregional organizations. Local presence of resources, and platform capabilities that are specific to local needs and locally applicable regulations, are key.

**Completeness of Vision Evaluation Criteria**

<i>Evaluation Criteria</i>	<i>Weighting</i>
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	High
Offering (Product) Strategy	High
Business Model	High
Vertical/Industry Strategy	High

<i>Evaluation Criteria</i>	<i>Weighting</i>
Innovation	High
Geographic Strategy	Medium

Source: Gartner (December 2024)

## Quadrant Descriptions

### Leaders

Leaders demonstrate a market-defining ability to execute their vision through products, services, customer experience, and solid business results in the form of revenue and earnings. Leaders typically respond to a wide market audience by supporting broad market requirements in multiple regions and industries. They demonstrate product leadership by delivering new enhancements and innovations to a consistent schedule. These vendors' development teams have a clear vision for emerging areas such as digital customer engagement, the growing impact of AI and the IoT, and the building of a solid ecosystem that can support increasing consumer desire for effortless interactions with businesses and governments. They engineer flexible products along the lines of Gartner's vision of the future of applications that include composable applications design principles. Their size and financial strength enable them to remain viable through challenging times. Clients indicate that Leaders' products have improved their organizations' delivery of high levels of value and ROI.

### Challengers

Challengers demonstrate a high volume of sales in their chosen markets — that is, more than 30% of their new business comes from more than one industry, and more than 50% comes from sales to the broader installed base. Challengers understand their clients' evolving needs, but might not lead them into new functional areas with a strong vision and technological leadership. Challengers often have significant size and financial resources and a strong presence in other application areas, but they have not demonstrated a clear understanding of how to win business in the CEC market beyond their installed base. Therefore, they may not be well-positioned enough to capitalize on emerging trends. Over

time, large vendors may fluctuate between the Challengers and Leaders quadrants as their product cycles and market needs shift.

## **Visionaries**

Visionaries are ahead of many competitors in terms of delivering innovative products and/or delivery models. They point the way ahead. They anticipate emerging and changing needs for customer service and move into the new sectors associated with them. They have strong potential to influence the direction of the CEC market, but are limited in terms of execution or track record. Typically, their products and market presence are not yet complete or established enough to challenge the Leaders, which places them in a higher-risk/higher-reward category. Whether Visionaries become Challengers or Leaders may depend on whether customers accept new technology or whether the vendors can develop partnerships that complement their strengths.

## **Niche Players**

Niche Players have important products with unique CEC functions, or offerings for certain industries or geographic areas. Certain Niche Players do well in a particular segment of a market, or may have a limited ability to innovate or to outperform other vendors in the wider CEC market. They may offer complete portfolios but exhibit weaknesses in one or more important areas — they may, for example, offer the best CEC option for enterprises that have adopted their broader product portfolio, but have limited appeal for enterprises outside of their installed base. They may focus on supporting a small number of large enterprises or a large number of small and midsize businesses. Niche Players may not have the means to keep pace with the market's broader demands; however, they can often offer the best solutions for the current needs of particular customer service organizations, considering the price-to-value ratio of their solutions.

## **Context**

### **From Customer Service Technology Suite to AI-Powered Autonomous Customer Service**

Constantly increasing customer expectations for effortless, highly personalized, near-instantaneous service experiences has made delivering such experiences a critical business

priority for organizations. These organizations find it challenging to deliver such experiences with existing technology that has been designed for use by large numbers of customer service employees handling customer interactions and manually initiating various tasks to fulfill those requests. This enterprise challenge is further compounded by increasing labor costs and high employee-attrition rates in customer service contact centers.

CRM CEC vendors that have been expanding their solutions beyond core capabilities such as case management, knowledge management, workflow management, and unified voice and digital engagement are recognizing this emerging market need as a pressing need for automating the customer service function. They are positioning autonomous AI agents as the solution to this need but are challenged with demonstrating how reliable such AI agents would be, so that enterprises would be willing to trust their brand reputations on such AI agents.

## Impact of AI Agents on the Customer Service Technology Landscape

AI agents are solutions that use various software and data elements including reasoning and orchestration logic, predictive and generative AI techniques, and APIs. They are capable of going beyond providing personalized, in-context information, and can execute tasks to fulfill an outcome on behalf of the brand. Several CRM CEC vendors in this Magic Quadrant show AI agents in their near-term roadmaps for 2024/2025. Some are positioning these as natural extensions of their AI assistants (such as virtual customer assistants, and agent assistants), others are de-emphasizing the importance of such assistants, instead seeking customers to leap ahead to adopt AI agents. Whether this first crop of AI agents will be autonomous is questionable, when considering the criteria such solutions would need to meet or exceed to be considered reliably autonomous (see [Innovation Insight: AI Agents](#)).

## Market Overview

The \$38.7 billion customer service and support software market, of which the CEC market is a part, grew at a rate of 16.5% year-over-year and remains the largest subsegment of the customer experience/CRM market (CEC's proportion of the customer service and support market was about 44.7% in 2023). Enterprise customers and prospective customers will benefit from continued investments in CEC product portfolios by vendors that are

experiencing strong growth (see [Forecast Analysis: CRM Customer Service and Support Software, Worldwide](#)).

The CRM CEC market is fragmented but remains highly competitive. The bulk of the customer service and support software market is held by the top 10 vendors, which together command 50.7% of the share, while the next 20 contribute 18.9% of the overall revenue. Six of the CEC vendors in this Magic Quadrant are among the top 10 customer service and support software market vendors. The leading CEC vendors by revenue are, in descending order, Salesforce, Oracle, Zendesk, Microsoft, ServiceNow and SAP. The CEC market also includes a host of smaller vendors, particularly those with upcoming technologies supporting AI, chat, analytics and self-service, and a few vendors with a CEC offering layered on top of their BPA platform (see [Market Share Analysis: Customer Service and Support, Worldwide, 2023](#)).

The product visions reflected in customer service and support vendor roadmaps, recent vendor partnerships, and M&A activity indicate vendors' ambition to reduce the shelfware burden placed on buyers due to overlapping capabilities in adjacent markets like CRM CEC and CCaaS. These trends result in a continuation of the convergence of CRM CEC and CCaaS markets, but it does not yet indicate a broad consolidation of the customer service and support technology market. The race to be the first among the competitors to deliver a GenAI-powered autonomous agent for customer service acts as a catalyst that's accelerating these trends.

CRM CEC capabilities will continue to increase and mature, bringing some vendor products in this market close to being complete customer service and support suites.

Customer service and support technology leaders should review the competing future-ready CEC offerings, to choose the product that enables the customer service experience and productivity outcomes of the organization at the most optimal cost.

## ⊕ Evaluation Criteria Definitions

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